Estimate on total corporate welfare expenditures range from $200 billion to $500 billion over 5 years, which would go a long way toward balancing the budget and investing in our future. This bill would save $39.575 billion over 5 years by ending 6 programs and reforming 1 program, some of the most egregious corporate welfare programs. Because I've limited this legislation to the most egregious examples, my bill is a litmus test for anyone who is serious about ending corporate welfare.

My bill will end the territorial possessions tax credit, which will save taxpayers $19.8 billion over 5 years. Corporations chartered in the United States are subject to U.S. taxes on their worldwide income. However, the U.S. Territorial Possessions Tax Credit provided by section 936 of the IRC permits qualified U.S. corporations a tax credit that offsets some or all of their U.S. tax liability on income from business operations in the possessions. My bill would eliminate this tax credit because the current incentive encourages companies to move jobs and capital out of the 50 States to overseas locations. The tax credit is not cost effective because foregone tax collections are high compared to the number of jobs created in the possessions. For example, taxpayers lose an average of $70,000 in revenue for every job created in Puerto Rico. The many drug companies and electronic firms that have set up subsidiaries in the possessions often assign ownership of their most valuable assets—patents, trade secrets and the like—to their territorial operations, and then claim that a large share of their total profits is earned in the possessions and therefore eligible for the tax break.

My bill will end the Foreign Sales Corporation [FSC] tax credit, which will save taxpayers $7.8 billion over 5 years. The tax code's FSC provisions permit U.S. exporters to exempt 15 percent of their export income from U.S. taxation. This encourages U.S. companies to form subsidiary corporations in a foreign country—which can just be a mailing address—to qualify as a FSC. A portion of the FSC's own export income is exempt from taxes, and the FSC can pass on the tax savings to its parent because domestic corporations are allowed a 100-percent dividends-received deduction for income distributed from a FSC. This program does not increase U.S. exports, and it may actually expand our trade deficit.

My bill will end special tax treatment of alcohol fuels, which will save taxpayers $3.875 billion over 5 years. Manufacturers of gasohol (a motor fuel composed of 10 percent alcohol), get a tax subsidy of 54 cents per gallon of alcohol used. Also known as ethanol, 95 percent of current production is derived from corn. The subsidy is designed to encourage the substitution of alcohol fuels produced from corn for gasoline and diesel. The gasohol tax break was enacted to lower the cost of producing a fuel that is not competitive. It targets one, specific, alternative fuel over many others—such as methanol, liquefied petroleum gas, compressed natural gas, or electricity—that could also substitute for gasoline or diesel. Alcohol fuel not only costs more, but also requires substantial energy to produce, diminishing the net, overall, conservation effect. Providing tax subsidies for one type of fuel over others is an inefficient allocation of resources when the subsidized fuel is more costly to produce than other fuels. Substantial losses in Federal tax revenue have primarily benefited Archer-Daniels-Midland, the Nation's chief gasohol producer.

My bill will end irrigation subsidies, which will save taxpayers $4.15 billion over 5 years. Irrigation subsidies encourage inefficient use of water resources, including production of water-intensive crops in arid regions. In these regions, loss of natural river flows has destroyed wetlands and devastated fish and wildlife populations. Many of these subsidies go toward production of surplus crops, which the U.S. Government pays farmers not to grow. This double dipper subsidy costs taxpayers as much as $830 million annually. Also, these subsidies foster agricultural production on marginal lands, the cultivation of which requires excessive chemicals. Polluted drainage and runoff from these lands contributes to the degradation of rivers and streams, as well as to the contamination of aquifers and poisoning of fish and wildlife.

My bill will end the practice of subsidizing the purchase of produce by foreign consumers, which will save taxpayers $3.5 billion over 5 years. The United States Department of Agriculture subsidizes the export of agricultural commodities through the Export Enhancement Program [EEP]. U.S. exporters, primarily multinational commodity firms, participating in the EEP negotiate directly with buyers in a targeted country, then submit bids to the USDA for cash bonuses. The program, established under the Reagan administration, is ostensibly meant to match European export subsidies, but does more to boost exporters' profits than U.S. farm production. The program has not been an effective counterweight to foreign subsidies and has depressed world commodity prices, penalizing competitors who do not subsidize their exports.

My bill will end the Market Promotion [MPP], which will save taxpayers $550 million over 5 years. The Market Promotion Program [MPP], which will save taxpayers $550 million over 5 years. The Market Promotion Program spends $110 million per year underwriting the cost of advertising American products abroad. In 1991, American taxpayers spent $2.9 million advertising Pillsbury muffins and pies, $10 million promoting Sunkist oranges, $465,000 advertising McDonald's Chicken McNuggets, $1.2 million boosting the international sales of American Legend mink coats, and $2.5 million extolling the virtues of Dole pineapples, nuts, and prunes. Wrangler of Japan—partly owned by Mitsubishi—collected $1.1 million from American taxpayers to advertise jeans in Japan, which were not even manufactured in the United States. The MPP has done little to assure that funds increase overseas promotional activities rather than simply replace private funds that would have been spent anyway. These companies hardly need a Federal subsidy for advertising, and the program has become a virtual entitlement for some of the biggest corporations in America.

My bill will reform the Mining Act of 1872, which will save taxpayers $300 million over 5 years. The 1872 Mining Act permits companies (foreign or domestic) to extract valuable minerals from Federal land—taxpayer-owned land—for next to nothing. They can purchase land for $2.50 per acre and pay no royalties on the minerals they extract. Each year, $2 billion to $3 billion worth of minerals are taken from public lands. Mining companies can ''patent''—or buy—20-acre tracts of land for $5 an acre or less. This patenting process has been used to sell more than 3.2 million acres of public land, an area about the size of Connecticut. Also, massive environmental damage has been left by mining operations on public lands. The cost of such cleanups is estimated at between $32 to $72 billion. The Atlanta Journal and Constitution newspaper editorialized that a Canadian company * * * was able to steal a $10 billion gold mine from the United States taxpayers, who owned both the property and the mineral rights. The company paid less than $10,000 for the land. My bill would charge royalties and lease land.

The legislation I am introducing today will be a good start toward ending corporate welfare and balancing the Federal budget. I urge you and all of my House colleagues to support it.

## THE ONLINE PARENTAL CONTROL ACT OF 1996

### HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 14, 1996*

Ms. ESHOO. Mr. Speaker, today I'm introducing the Online Parental Control Act of 1996 to fix a major flaw in the telecommunications reform bill. My proposal strengthens the control parents have over their children's access to online materials and better protects the first amendment rights of computer users.

First, it replaces the controversial indecency standard with a constitutional harmful to minors standard.

Second, it provides additional incentives for the development of better parental control technologies, as well as the use of labeling or segregating systems which would allow parents to restrict access to online materials.

I support efforts to address this issue in court. But I also believe a protracted legal battle will potentially leave children exposed to harmful material and place the free speech rights of computer users in jeopardy for an extended period of time.

Congress needs to offer both sides of this controversy a reasonable opportunity to resolve it. The Online Parental Control Act, I believe, is the sensible opportunity.

Mr. Speaker, I urge my colleagues to support this effort to protect both children and free speech by cosponsoring this legislation.

## LEGISLATION TO ELIMINATE THE DISINCENTIVE FOR EMPLOYERS TO PROVIDE BONUSES TO CERTAIN EMPLOYEES

### HON. CASS BALLENGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 14, 1996*

Mr. BALLENGER. Mr. Speaker, today I am joined by Mr. GOODLING and Mr. FAWELL in the introduction of legislation to eliminate the disincentive under the Fair Labor Standards Act for employers to provide bonuses to hourly paid employees. Presently, the FLSA requires that certain payments to a nonexempt employee—such as commissions, gainsharing, incentive, and performance contingent bonuses—must be included in the employee's

regular hourly rate of pay for the purposes of calculating overtime pay.

It is becoming more common for companies to link pay to performance as they look for innovative ways to improve employee performance. More employers are awarding one-time payments to individual employees or to groups of employees in addition to regular wage increases. Employers have found that rewarding employees for high quality work improves their performance and the ability of the company to compete. If a company's profits exceed a certain level, employees are able to receive a proportionate piece of the profits. Unfortunately, many employers who choose to operate such pay systems can be burdened with unpredictable and complex overtime liabilities.

Under current law, an employer who wants to give an employee a bonus must divide the payment by the number of hours worked by the employee during the pay period that the bonus is meant to cover and add this amount to the employee's regular hourly rate of pay. This adjusted hourly rate must then be used to calculate time-and-a-half overtime pay for the pay period. Employers can easily provide additional compensation to executive, administrative, or professional employees who are exempt under the FLSA without having to recalculate rates of pay.

Some employers who provide discretionary bonuses do not realize that these payments should be incorporated into overtime pay. One company ran afoul of the FLSA when they gave their employees bonuses based on each employee's contribution to the company's success. The bonus program distributed over $300,000 to 400 employees. The amount of each employee's bonus was based on his or her attendance record, the amount of overtime worked, and the quality and quantity of work produced.

When the company was targeted for an audit, the Department of Labor cited it for not including the bonuses in the employees' regular rate for the purpose of calculating each employee's overtime pay rate. Consequently, the company was required to pay over $12,000 in back overtime pay to their employees. The company thought it was being a good employer by enabling its employees to reap the profits of the company and by paying wages that were far above the minimum. These types of actions taken by the Department of Labor are especially surprising in view of Labor Secretary Reich's exhortations to businesses to distribute a greater share of their earnings among their workers.

This legislation will eliminate the confusion regarding the definition of regular rate and remove disincentives in the FLSA to rewarding employee productivity. The definition of regular rate should have the meaning that employers and employees expect it to mean—the hourly rate or salary that is agreed upon between the employer and the employee. Thus, employers will know that they can provide additional rewards and incentives to their nonexempt employees without having to fear being penalized by the Department of Labor regulators for being too generous.

## JUDICIAL MANDATE AND REMEDY CLARIFICATION ACT

### HON. DONALD A. MANZULLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 14, 1996*

Mr. MANZULLO. Mr. Speaker, I rise today to introduce legislation that I believe is long overdue. This bill, the Judicial Mandate and Remedy Clarification Act of 1996, seeks to limit the authority of Federal courts to fashion remedies that require State and local jurisdictions to assess, levy, or collect taxes in any way, shape, or form.

We are currently entering into a debate on reforming the Federal Tax Code. We will be studying the impact of Federal tax policy on personal savings and spending, on State and local governments, as well as the over all effect on the economy.

It is time for Congress to address the effect judicial mandates and taxes have on State and local governments. Actions by Federal judges that directly or indirectly force a State or local government to raise taxes have serious ramifications on our Nation's economy. In many cases, remedial decisions have forced State and local governments to increase taxes, further squeezing take-home pay or affecting property values.

For example, in the congressional district I serve, people living in Rockford Illinois Public School District 205 are alarmed over the sharp increase in their property taxes as part of a remedy decision to pay for the implementation of a desegregation lawsuit against the school district. The complaints I have received include the fact that taxpayers are funding millions of dollars for a master, attorney's fees, consultants, and so forth, while seeing little money going to educate their children. They also complain that huge hikes in real estate taxes are making homes in Rockford very difficult to sell. Seniors have advised me that they can barely pay the taxes on their homes. This situation with the Rockford schools is dividing, if not slowly eroding the ties that bind the community.

Rockford, IL, is not the only community affected by judicial taxation. Hundreds of school districts across the country have the same problems. A Federal judge in Kansas City ordered tax increases to fund a remedy costing over $1 billion. Yet, there has been little improvement in the school system. Lawyers, masters, and consultants have been the beneficiaries of such court orders while the childrens' education has seen little improvement.

Judicial taxation is not, however, limited to school districts. Federal judges have ordered tax increases to build public housing and expand jails. Any State or local government is subject to such rulings from the Federal courts.

The U.S. Congress is given the authority under article III of the U.S. Constitution to define the scope of judicial powers.

My bill will place very strict limitations on the power of a Federal court to increase taxes for purposes of carrying out a judicial order. It is not a statement about desegregation, prison overcrowding, or any other decision where a Federal law has been broken. It is about taxpayers obligated to pay for Federal court remedies through higher taxes without recourse—i.e., taxation without representation. Judicial remedies should be, must be, tempered by the community's ability to pay for it, without raising taxes.

If a school board, municipality, or State government feels that taxes must be raised, then the people should be asked. Otherwise, the governing board must operate within its means. There is no such thing as a school district dollar just as there is no such thing as a Federal tax dollar. The money belongs to the people. Judicial taxation is a back door method to take people's hard-earned money without representation.

A judge works under the parameters of the laws available to him or her. The purpose of my legislation is to make it very difficult for Federal judges, who are unelected officials, to raise taxes, and therefore press them to work within the budgetary constraints of the State or local government.

Any lasting result that could come out of a judge's remedial decision must come from the community and must have the people behind it. There has been no success in cases where judicial mandates alone act as the remedy. As I mentioned before, there are many people who are willing to make a positive contribution to solving these problems. By relieving the State and local governments of the burden of judicial taxation, the people of a State, city, or school district will be able to step forward and be part of a solution that is best for the community.

Let me be explicitly clear that I am not talking about whatever remedies are made by the court. I am talking about how to pay for whatever remedy or settlement results from any decision. That is where Congress can have input into this area. I take no position on what remedial actions may be enacted—that is a matter of the elected officials on the State and local level, but I am compelled to take a position on how those Federal court remedies are funded.

Mr. Speaker, I urge that congressional hearings be held soon on the effects of these court orders and this important legislation. Congress must bring to light the effects of such remedies. In the past, there have been attempts to limit the power of the Federal courts to act in certain areas, but there has been little focus on placing restrictions on the courts issuing orders that are essentially unfunded judicial mandates. To date, none of these bills has passed. That is why I crafted carefully focused language to address this very difficult issue.

## THE MOTHER AND CHILD PROTECTION ACT OF 1996

### HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 14, 1996*

Mr. TOWNS. Mr. Speaker, I rise today to introduce legislation which ensures that newborn babies and their mothers receive appropriate health care in the critical first few days following birth.

The legislation requires insurance companies, HMO's, and hospitals to offer mothers and newborns at least 48 hours of inpatient care following normal births and 120 hours after caesarean sections. Mothers may choose to go home earlier but insurers and HMO's must then offer them a home care visit within 24 hours of discharge.